



House of Representatives

File No. 628

General Assembly

February Session, 2002

(Reprint of File No. 374)

Substitute House Bill No. 5211
As Amended by House
Amendment Schedule "A"

Approved by the Legislative Commissioner
May 4, 2002

**AN ACT CONCERNING REIMBURSEMENT LIMITS FROM THE
UNDERGROUND STORAGE TANK PETROLEUM CLEAN-UP
ACCOUNT.**

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. Subsection (a) of section 22a-449c of the general statutes,
2 as amended by section 37 of public act 01-9 of the June special session,
3 is repealed and the following is substituted in lieu thereof (*Effective July*
4 *1, 2002*):

5 (a) (1) There is established an account to be known as the
6 "underground storage tank petroleum clean-up account". The
7 underground storage tank petroleum clean-up account shall be an
8 account of the Environmental Quality Fund. Notwithstanding any
9 provision of the general statutes to the contrary, any moneys collected
10 shall be deposited in the Environmental Quality Fund and credited to
11 the underground storage tank petroleum clean-up account. Any
12 balance remaining in said account at the end of any fiscal year shall be
13 carried forward in said account for the fiscal year next succeeding.

14 (2) The account shall be used by the Commissioner of
15 Environmental Protection to provide money for reimbursement or
16 payment pursuant to section 22a-449f to responsible parties or parties
17 supplying goods or services, or both, to responsible parties for costs,
18 expenses and other obligations paid or incurred, as the case may be, as
19 a result of releases, and suspected releases, costs of investigation of
20 releases and suspected releases, and third party claims for bodily
21 injury, property damage and damage to natural resources.
22 Notwithstanding the provisions of this section regarding
23 reimbursements of parties pursuant to section 22a-449f, the responsible
24 party for a release shall bear all costs of the release that are less than
25 ten thousand dollars or more than one million dollars, except that for
26 any such release which was reported to the department prior to
27 December 31, 1987, and for which more than five hundred thousand
28 dollars has been expended by the responsible party to remediate such
29 release prior to June 19, 1991, the responsible party for the release shall
30 bear all costs of such release which are less than ten thousand dollars
31 or more than [three] five million dollars, provided the portion of any
32 reimbursement or payment in excess of three million dollars may, at
33 the discretion of the commissioner, be made in annual payments for up
34 to a five-year period. There shall be allocated to the department
35 annually, for administrative costs, two million dollars.

36 Sec. 2. Section 22a-449b of the general statutes is repealed and the
37 following is substituted in lieu thereof (*Effective October 1, 2002*):

38 [(a)] Not later than thirty days immediately following the tax due
39 date for the tax imposed under section 12-587, as amended, a portion
40 of such tax, in the amount of [one-third of the total amount of tax due
41 under said section] three million dollars, shall be credited by the
42 Comptroller to the underground storage tank petroleum clean-up
43 account established under section 22a-449c, as amended.

44 [(b)] If the balance in said account at the end of any month exceeds
45 fifteen million dollars, as determined by the Comptroller, he shall
46 suspend the further crediting of tax payments to said account until he

47 determines that the balance in said account has fallen below five
48 million dollars.]

| | |
|--|------------------------|
| This act shall take effect as follows: | |
| Section 1 | <i>July 1, 2002</i> |
| Sec. 2 | <i>October 1, 2002</i> |

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

| Fund-Type | Agency Affected | FY 03 \$ | FY 04 \$ |
|-------------------|---|-----------------|-----------------|
| GF - Revenue Gain | Comptroller | 3.0 million | 1.5 million |
| EQ - Revenue Loss | Comptroller, Department of Environmental Protection | 3.0 million | 1.5 million |

Note: GF=General Fund

Municipal Impact: None

Explanation

Increasing the limit on reimbursements by \$2 million for releases which were reported to the Department of Environmental Protection (DEP) prior to December 31, 1987, and for which more than \$500,000 has been expended by the responsible party to remediate the release prior to June 19, 1991 will impact two sites. The reimbursement in excess of \$3 million dollars, at the discretion of the commissioner, can be made in annual payments. The changes could delay payments of other claims. Only one of the two sites is anticipated to use these funds, increasing costs to the Underground Storage Tank Petroleum Clean-Up account by \$2 million.

The bill is also anticipated to result in a revenue gain to the General Fund and an offsetting loss to the Underground Storage Tank Clean-Up Account (UST) of \$3.0 million in FY 03. The impact of the bill in future years (FY 04 and beyond) is anticipated to result in a revenue gain to the General Fund and a loss to the UST Account of approximately \$1.5 million per year.

Based on information supplied by Department of Environmental Protection, estimated expenses of UST for claim reimbursements and

administrative costs are anticipated to be approximately \$17 million per year over the next few years. Therefore this provision could delay reimbursements to claimants.

The UST Account is an account within the Environmental Quality Fund.

House "A" changes the funding mechanisms of the UST account which is anticipated to result in a revenue gain to the General Fund and a loss to the UST account. The amendment also provides that the increase in reimbursement can be made in annual payments.

OLR Amended Bill Analysis

sHB 5211 (as amended by House "A")*

***AN ACT CONCERNING REIMBURSEMENT LIMITS FROM THE
UNDERGROUND STORAGE TANK PETROLEUM CLEAN-UP
ACCOUNT***

SUMMARY:

This bill changes the share of petroleum products gross earnings tax revenue earmarked for the Underground Storage Tank Clean-Up Account from one-third of the quarterly total due to a flat \$3 million per quarter. It also eliminates a requirement that the comptroller stop crediting revenue to the account when its balance exceeds \$15 million and resume when it falls below \$5 million.

The bill increases the account's reimbursement limit, from \$3 million to \$5 million, for clean-up costs for leaking tanks when a responsible party (1) reported the leak to the Department of Environmental Protection (DEP) before December 31, 1987 and (2) spent more than \$500,000 to remediate it by June 19, 1991. The bill allows the DEP commissioner to pay any part of the reimbursement that exceeds \$3 million in annual payments over a maximum of five years.

*House Amendment "A" (1) adds the petroleum products gross earnings tax change, (2) eliminates the cap on the comptroller's allocations to the account, and (3) gives the DEP commissioner discretion to pay the share of any reimbursement that exceeds \$3 million in up to five annual payments.

EFFECTIVE DATE: October 1, 2002 for the change in the quarterly petroleum products gross earnings tax allocation and the elimination of the fund cap; July 1, 2002 for the higher reimbursement for certain tanks.

BACKGROUND

Underground Storage Tank Petroleum Clean-up Account

This account reimburses responsible parties for remediation costs they incur because of leaking underground storage tanks. Eligible costs include those incurred as a result of releases, suspected releases, release-related investigations, and third-party claims for bodily injury, property damage, and damage to natural resources. By law, a responsible party is any person or entity, including the state or a municipality, that owns or operates an underground storage tank or underground tank system which leaks. The responsible party must pay the first \$10,000 of costs incurred.

Legislative History

On May 1, the House referred the original bill (File 374) to the Appropriations Committee, which reported it unchanged on May 2.

COMMITTEE ACTION

Environment Committee

Joint Favorable Substitute Change of Reference

Yea 24 Nay 0

Finance, Revenue and Bonding Committee

Joint Favorable Report

Yea 43 Nay 0

Appropriations Committee

Joint Favorable Report

Yea 34 Nay 13